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TED KOPPEL: Jonathan Pollard, accused of spying for Israel and Pakistan. Ronald Pelton, accused of spying for the Soviet Union. Larry Wu-tai Chin, accused of spying for China. All worked for supersecret U.S. agencies. All were indicted today.

Good evening. I'm Ted Koppel. And this is Nightline.

It's as though the country had been struck by a sudden epidemic of espionage. But in each case it's actually been going on for years.

We'll look at what's going on with a man who spent much of his career at or near the top of the intelligence community.

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KOPPEL: Somehow, we expect our adversaries to spy on us. So that when we hear of espionage conducted in behalf of the Soviet Union or the People's Republic of China, we may wonder about the motives of the Americans who spied for them, but we can hardly question the motives of the governments that hired the spies. After all, the United States is certainly trying to do the same thing in Moscow and Beijing.

But Israel is a friendly government. More than that, it is a government very heavily dependent on the good will and the generosity of the United States. Why would it jeopardize that good will when Washington already provides it with enormous quantities of intelligence material?

Here's our Tel Aviv bureau chief, Bob Zelnick.

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BOB ZELNICK: Jonathan Pollard, 31 years old, an American Jew, employee of the Naval Investigative Service, apprehended outside the Israeli Embassy in Washington, accused of selling top secret data to Israel. Sources here say Pollard's embassy contact man, 27-year-old Elan Ravid (?), has already been brought home, and a more senior embassy official may follow.

It's enough to give an Israeli Prime Minister a case of instant lockjaw.

From the outset, Israel's leaders have declared their ignorance of the Pollard operation, pledging a full investigation of what they say is a deviation from Israeli policy.

MAN: It is Israel's policy to refrain from any intelligence activity related to the United States, in view of the close and special relationship of friendship prevailing between the two countries.

ZELNICK: The strategic relationship between Israel and the United States is close, and leaders of the two countries are generally solicitous of each other's turf. Yet veterans of Israel's highly skilled and professional intelligence community have expressed doubt that an operation as sensitive as the Pollard matter could have occurred without high-level oversight.

MAN: I don't think that any intelligence agency will have that authority to do it on its own.

ZELNICK: Pollard was a frequent visitor to Israel who once studied at the Weizmann Institute in Tel Aviv. Israeli press reports suggest he was recruited not by Israel's crack Mosad intelligence agency, but by this man, Rafi Eitan, former Prime Minister Menachem Begin's adviser on terrorism. Eitan has worked in the Defense Ministry under three ministers: Ariel Sharon, Moshe Arens, and Yitzhak Rabin. All are maintaining silence pending the outcome of an investigation conducted by Prime Minister Peres.

Israel already gets much U.S. intelligence developed from human and technical sources. But there are advantages to getting information fast and unedited.

Consider October's bombing raid against PLO headquarters in Tunis. At the time, Israeli officials bragged about its pinpoint accuracy.

YITZHAK RABIN: The long arm of the IDF can reach terrorism wherever it is located.

ZELNICK: Satellite photos and PLO communications

intercepted by American vessels could have been useful in identifying key targets in an operation the U.S. could not sanction in advance.

Also, sources here say much of the Pollard intelligence dealt with estimates of the performance of Egyptian troops in operations like Bright Star, an exercise conducted jointly with the United States. The U.S. provides Israel with little information about the military situation in such pro-Western Arab countries as Egypt, Jordan and Saudi Arabia.

There are times when Israeli and American interests clash. In 1954, with Britain planning to turn the Suez Canal over to Egypt and the United States seeking to strengthen ties with the Nasser government, Israel tried to sow Western doubts about Egypt. And in June 1967, in the midst of the Six Day War, Israeli planes attacked the American spy ship Liberty, killing 34 sailors and wounding 1971. The vessel had been buzzed by Israeli aircraft for six hours and attacked for two hours. But in the end, President Lyndon Johnson accepted Israel's claim that her pilots thought the ship was Egyptian.

MAN: The United States never conducted any intensive congressional hearings into it. The Administration at the time seemed to try to hide the whole incident under the rug because of embarrassment. I don't think -- I think it could have been pursued a lot more vigorously than it was.

ZELNICK: There have been other incidents, as well. The suspected 1960s diversion of uranium from this Pennsylvania facility to Israel's widely reported nuclear arsenal, and last year's reported theft from the United States of nuclear triggering devices, again for the Israeli program.

In the Pollard case, like these earlier examples, whatever their private anger, American officials have moved quickly to heal the wounds.

MAN: I'm hopeful and I have a conviction that both governments can work together to successfully resolve the problem of any damage that might be done.

ZELNICK: The United States tolerates these occasional Israeli excesses because Washington believes it's getting more than its money's worth from the strategic partnership with Israel. America's F-15 and F-16 aircraft were first tested in combat by Israel. These Israeli-made reconnaissance drone aircraft are being purchased by the Pentagon after proving their worth in Lebanon. The Navy also leases Israeli Kfir jets for training purposes, a plane strikingly similar to Soviet MIGs. Israel services America's Sixth Fleet at the port of Haifa,

giving the U.S. something very close to a base in this vital part of the world.

These troops from the predominantly Christian South Lebanese army are trained and equipped by Israel. Similar instruction has been given to security forces from Central and South American countries, a situation where direct U.S. involvement would have been awkward.

And this was the Israeli weapons display at a recent air show in the Negev. Israel has provided spare parts of American equipment to Iran and sold weapons to other recipients where direct U.S. sales would have caused domestic political controversy.

In intelligence, too, the Israelis have delivered key contributions in three major areas.

MAN: One is what is going on in the Middle East. This is obviously our main effort.

The other is technical data on Soviet material which has been or is being used by our neighboring countries.

And three is terrorism in the Middle East and in general.

ZELNICK: After every war the Israelis have turned over captured Soviet guns, tanks and antiaircraft weapons for analysis by the United States. In the Lebanon war the Israelis showed that reconnaissance planes, artillery and bombs could take out Soviet ground-to-air missiles manned by the Syrians. And the thousands of PLO, Shiite and other Arab prisoners interrogated in Israeli jails over the years have provided the West with information of incalculable value in the long battle against terrorism.

Diplomats have been called honorable men sent abroad to lie for their countries. Espionage is an even blacker art. Practiced by a tough little nation like Israel against foes, and even friends, it can be downright nasty.

Incidents like the Pollard affair cause America to think twice about its relationship with Israel. But all such reassessments have concluded that the Israelis have proven themselves too many times in too many ways to be discarded.

KOPPEL: When we come back we'll talk about the Pollard case and today's other major espionage arraignments with one of America's top intelligence professionals, Admiral Bobby Inman.

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KOPPEL: Three of the people who went to court today on espionage charges were employed by three American intelligence organizations: U.S. Naval Intelligence, the National Security Agency, and the CIA.

Our guest tonight is unusually well qualified to discuss what these cases represent. Admiral Bobby Inman was Director of Naval Intelligence from 1974 to 1976. Admiral Inman was Director of the National Security Agency from 1977 to '81. And he was Deputy Director of the CIA from 1981 to 1982.

Admiral Inman joins us now live from our affiliate KUVE in Austin, Texas.

Let's start, Admiral Inman, with the Pollard affair. Does it strike you as a very professional job?

ADMIRAL BOBBY INMAN: Not as professional as I've been accustomed to expecting from the Israeli services.

KOPPEL: Why not?

ADMIRAL INMAN: Well, hiring someone, someone, at least from the media coverage, who was pretty boastful, talked a lot about his contacts, someone who worked to be visible on the Washington scene, that's not the kind of agent that you're likely to find reliable over a long time frame.

KOPPEL: What about the notion that once he has apparently been blown, he goes running right to his contact at the Israeli Embassy?

ADMIRAL INMAN: It demonstrates the lack of wisdom in the choice of candidate.

On the other hand, it's hard to get intelligence, often, Ted. And sometimes when you really want information, you'll take risks on the people that you rely on.

KOPPEL: There is a huge public relations risk involved here, too. After all, Mr. Pollard is an American Jew. That means that when he is blown in an operation like this, there's likely to be a tremendous backlash in this country. The question is going to be raised: Are there other American Jews spying for Israel?

That kind of thing certainly has to be considered by the Israelis. Why, in this case, do you think they didn't?

ADMIRAL INMAN: The desire to get their hands on some specific kinds of information. And none of us yet know exactly

what they were getting from the Pollard case that made it worth the risks, in the judgment of at least some officials.

KOPPEL: If young Mr. Pollard was a bad security risk from the point of view of the Israelis hiring him as a spy, then surely the question has to be raised, was he not an even greater security risk from the point of view of Naval Intelligence, which hired him in the first place? And if my friend John Scali is correct -- he reported tonight, and I'm sure he has it on good authority, that Pollard was actually up to head up the Middle East desk for Naval Intelligence. That's extraordinary.

ADMIRAL INMAN: Well, unfortunately, sitting down here in Austin and 3 1/2 years removed, I don't have a good track on Pollard's performance, when he was hired, and what kind of jobs he's performed.

The assignment to the center to track terrorist activity would reflect that he was considered to have some promise. At least, you hope when a new center's created like that, as important as the issue of terrorism is, that people who were judged to be the best analysts were sent there.

KOPPEL: Yeah, but, you know, Admiral Inman, you're a tough fellow, so I'm not going to let you get away that easily. If it is valid to make the point that the Israelis may have miscalculated in their judgment of him, what I'm raising here is a question which will allow us eventually to get into the broader issue of the other people who have now been charged with espionage, is a question of how character assessments are made. If he is such a braggart, a fellow who goes around town bragging about his association with the Israelis -- he is said publicly to have told people that he spied for the Israelis. How come we didn't know about that?

ADMIRAL INMAN: Ted, the one thing I think you have to give some credit for, for all the other cases we're looking at, we found out about them only because a defector told us about them. This is the only case I know of where suspicions were aroused in co-workers, and the whistle in this case was blown by the co-workers.

So there clearly are a lot of questions that have to be answered: How'd he get hired? What kind of profile was there? But at least, unlike the other cases, there was some sensitivity to these co-workers which caused the focus to come on Pollard in the first place.

KOPPEL: I should make the point that, obviously, none of these people that we're going to be talking about tonight has been convicted of anything yet. These are simply charges that

have been made against both Mr. Pollard and Mr. Larry Wu-tai Chin and Ronald Pelton. But we're going to be talking about all of them as we move along.

I would just like you to talk a little more, if you would, Admiral Inman, about what it is that the Israelis could hope to get from someone like Mr. Pollard that they couldn't get in the normal course of events with the United States. There's an enormous amount of exchange of intelligence information that goes on, isn't there?

ADMIRAL INMAN: The U.S. has extensive intelligence relationships with a great many countries, all of those where there's a treaty relationship, and others where we're committed to the long-term security of the country. In the case of Israel, it's a commitment to their security that's of very long standing.

That exchange of information is usually keyed to the kind of relationship. For NATO, it would contain information that could be used for offensive purposes, as well as defensive purposes. For most of the other relationships, the exchange focuses on information to be used to defend the country. It would not provide information that they could use if they want to use preemptive attacks elsewhere.

So, sitting down here, purely speculating, I'm wondering were they after, through Pollard, information that they could use for preemptive attacks against the PLO or other potential targets?

KOPPEL: Admiral Inman, we're going to take a break.

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KOPPEL: We all remember, even those of us who've had nothing to do with the intelligence community, the wonderful opening of the old Mission Impossible series, where the tape, as it is unraveling, ends up by saying, "In the event of anything going wrong, the Secretary will disavow all knowledge."

Is that what's going on right now in Israel? Or do you think that people at the top really didn't know what was happening?

ADMIRAL INMAN: It's entirely plausible that the top officials did not know the specifics of an agent. Those who are in position to govern, to make decisions want information. They're not usually eager to know the details of how that information is achieved. For one reason, they don't want to run the risk that they might expose it somewhere along the way.

The additional factor that drives them is that they want

to be able to deny.

While I accept it as entirely plausible that Prime Minister Peres might not have known the identity of the individual, I think it's unlikely that the government was not aware that the government had sources other than liaison to try to keep them apprised of events in this country.

KOPPEL: All right. Then a very difficult question, which you may not be able to answer at all. But it's, I think, a fair question to ask.

Does Israel seem to have the sense, then, that no matter what it does in such matters, ultimately things will be brushed aside or swept under the rug? And would they be justified in making that assumption?

ADMIRAL INMAN: Ted, I think the judgment's made on a somewhat different basis. Even countries that are very close friends have worries that at some point in time the interests of the two countries may not be the same. There's the certain nervousness that they be properly apprised about where policy may go or what kinds of systems might be available to use in case of a conflict, lack of certainty that the relationship is such that everything is told to you.

So I think even with the closest of friends, you have to expect that there will be some caution, some extra measures to try to protect themselves against untimely surprise.

KOPPEL: Let's talk for a moment about the other two cases. I mean Larry Wu-tai Chin, who worked for the Foreign Broadcast Information Service over at CIA, and Ronald Pelton, who worked at the National Security Agency.

Now, not so many years ago, even the name National Security Agency, possibly even when you were heading that organization, was classified. I mean it was that secret an organization. It is still a very secret organization. But at least you can tell us what it does, in general. Would you?

ADMIRAL INMAN: Well, the National Security Agency has the primary responsibility for the U.S. Government for the collection of signals intelligence, intelligence derived from the communications of other countries, intelligence derived from telemetry from missile tests, intelligence derived from radar emissions.

KOPPEL: All right. So this would be information that would be, first of all, enormously hard for any other organization to come by; and secondly, very crucial in terms of gauging

an adversary or potential adversary's capability. Therefore, I would assume that the people you bring into an organization like this would have to go through a fairly thorough vetting and fairly thorough security check.

ADMIRAL INMAN: Back in the late Fifties, NSA suffered through several very damaging, very embarrassing spy cases. As a result of that, Congress enacted legislation setting certain standards for the National Security Agency that in fact don't exist for any other agency. When I was the Director of NSA, I was the only head of an intelligence agency in Washington that could not waive a background investigation.

And I think what this tells us for all of this range of spies is that even for the agencies where they use polygraph and extensive personality surveys as they're employing people, that's no guaranty that they won't turn sour along the way.

KOPPEL: Some of your congressional -- not your congressional critics, but congressional critics of the NSA are saying that the NSA has been particularly lax about instigating counterintelligence and has rejected a number of congressional suggestions, a number of White House suggestions that it needs to pay more attention to counterintelligence.

ADMIRAL INMAN: I'm aware of where the charges arise, and they're spurious.

KOPPEL: Why?

ADMIRAL INMAN: The NSA has long had very detailed efforts to look at the prospect of being [unintelligible]. It's some of the most sensitive things that you do. And in dealing with some congressional staff who are notorious for leaking secrets, I made the decision, and my successors have, not to give them access to the most sensitive tools that belong to that agency. And I'd make the same decision all over again.

KOPPEL: Admiral Inman, we've got a couple of minutes left. We're going to take a break and we'll come back with some final questions and answers.

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KOPPEL: Back once again with Admiral Bobby Inman.

Why so many arrests now, do you think?

ADMIRAL INMAN: It may, to some degree, be the result of additional assets the FBI's gotten over the last several years beginning to expand our ability to be more effective in counter-intelligence. And over a long period of years we drew down

assets rather than adding to them.

Some of it also, clearly, is a result of the defectors who've given leads.

KOPPEL: Like Yurchenko?

ADMIRAL INMAN: That's right.

And these tend to come in cycles. We had a series of them in the late Fifties, early Sixties. We've got another series now.

What I have to worry about, Ted, is what about all the ones who haven't yet been detected on which there are not leads? All of these we're looking at now turn out to be from the intelligence agencies, and they clearly are prime targets. But I have to be skeptical that they're the only organizations of the government that have been penetrated for espionage activities.

KOPPEL: By which you mean what? Congressional aides? People in the news media?

ADMIRAL INMAN: No, I mean other -- clearly, our adversaries and our friends have to be interested in sources of other departments of government, not just intelligence.

And we've got a new problem here that we didn't deal with in earlier years. None of these are cases where they're blackmailed. Only the Pollard case may have some ideological ties. These are people who either had financial difficulties, or simple greed, and decided...

KOPPEL: Well, Wu-tai Chin could...

ADMIRAL INMAN: ...to sell secrets.

KOPPEL: ...could be ideological. Right? Mr. Chin? That's possible that he's ideological.

ADMIRAL INMAN: May have had a tie, but there's at least a good trail from the media that it's been a profitable source of outside income.

KOPPEL: So your concern, then, is -- well, I can understand what your concern is. But in the few seconds we've got left, what do you about it?

ADMIRAL INMAN: In the world ahead of us, we've got to figure out how do we also deal with those who, for financial reasons, decide to sell secrets, whether it's secrets from

corporations or secrets from governments. There are questions of ethics. But there are also questions, how are we able to trail when American citizens who are employed by the government have unaccounted-for income, or when they get in deep distress and they've got access to secrets and they're tempted to sell them.

KOPPEL: All right. Admiral Inman, with you as a guest, I always wish we had more time. But we don't. And thank you very much.